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31 August 1971

MEMORANDUM FOR: Deputy Director for Intelligence

SUBJECT : Press Reports on Dr. Foster's
Testimony Before the House Defense
Appropriations Subcommittee

1. UPI and AP items dated 27 August report on testimony given by John S. Foster, Jr., DDR&E, before the House Defense Appropriations Subcommittee in closed door session on 1 June. We have not yet seen a complete transcript of the closed door testimony, but we do have a copy of the unclassified version. His message to the Subcommittee was essentially the same as the central theme of the public relations campaign that he has been conducting for the past several months, and it relies heavily on OSR estimates.

2. The press reports cite the following major points in Dr. Foster's testimony:

--The USSR is now spending about \$3 billion more on military research than is the US, and that this figure could be off 20 percent at most.

--Intelligence analysis indicates that total Soviet R&D effort has not only continued to increase but has shifted in recent years from space to military technology.

--The larger Soviet effort will almost certainly produce some very serious military surprise in the next two or three years and lead to overall technological superiority by the second half of the decade.

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3. There is roughly a \$3 billion difference (in constant price terms) between our estimate of the dollar equivalent of Soviet military R&D spending in 1971 and the Pentagon figure for DoD plus AEC spending for R&D in FY 1972. The recent GAO study conducted for Senator McIntyre, however, indicates that there currently may be as much as a billion dollar understatement of military-related R&D spending in the US statistics. We are now reviewing the GAO study in detail. It probably will not solve all of the problems, but it already has increased our understanding of the definitional comparability of our estimates and the US data.

4. In the AP account of Dr. Foster's testimony, the statement is made that "He (Dr. Foster) did not say how the Pentagon got the \$3 billion figure, but said it could be off 20 percent at most, for a range of \$2.4 billion to \$3.6 billion." It is not clear from this whether Dr. Foster or the reporter applied the 20 percent range of error incorrectly to the \$3 billion gap--implying a range in our estimate of total Soviet military R&D spending of only 5 percent. The 20 percent properly refers to our total of about \$11 billion for Soviet military R&D in 1971--which would mean a gap of from about \$1 billion to \$5 billion between the US and USSR if US military R&D spending in FY 1972 turns out to be close to the \$7.8 billion Dr. Foster has requested. In our review of Dr. Foster's testimony, we find he uses the \$3 billion gap and the 20 percent range of error in close proximity, but does not actually relate the two and does not convert the gap into a dollar range.

5. Dr. Foster's reported description of the trends in Soviet military R&D and space spending--both for the total and for the space and military R&D components--is a generally accurate reflection of our estimates. The AP release indicates that Dr. Foster was pressed by the Subcommittee for more details about the "intelligence analysis" behind the estimates of Soviet spending, but that he evaded a direct answer.

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6. Dr. Foster's conclusion that levels of effort (spending) can be linked on a directly proportional basis with levels of technological capability is based on a combination of our expenditure estimates and a variety of "net technical assessments" performed for or by DDR&E. We have told him we consider this to be indefensible, but he continues to make the assertion.



BRUCE C. CLARKE, Jr.
Director
Strategic Research

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MEMORANDUM FOR: Mr. Maury
Room 7D43

Attached for your "Background Use Only" is a copy of the memorandum Mr. Clarke sent to Dr. Proctor concerning Dr. Foster's House testimony.

1 September 1971
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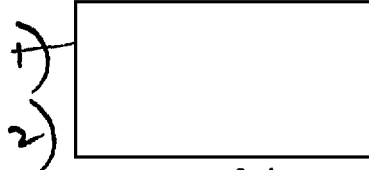
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Press Item for the DCI

Date: 27 Aug

Item: No. 3

Ref: No.



pls prepare
comment to go to DD1.

UPI-11

(U.S.-SOVIET)

WASHINGTON--RUSSIA WILL PROBABLY GAIN AN ACROSS-THE-BOARD TECHNOLOGICAL SUPERIORITY OVER THE U.S. MILITARY IN THE LAST HALF OF THIS DECADE BECAUSE OF MOSCOW'S DECISION ALMOST FOUR YEARS AGO TO DROP OUT OF THE RACE TO THE MOON, THE PENTAGON'S RESEARCH CHIEF BELIEVES.

DR. JOHN S. FOSTER SAID IN TESTIMONY RELEASED TODAY BY THE HOUSE APPROPRIATIONS COMMITTEE THAT IN 1967 OR 1968 THE SOVIET UNION STOPPED A RAPID EXPANSION OF ITS SPACE EFFORT WHICH HAD KEPT RUSSIAN MILITARY RESEARCH AND DEVELOPMENT SPENDING LEVEL FOR ALMOST SEVEN YEARS.

SINCE THEN, FOSTER SAID, THE RUSSIANS HAVE CHANNELED MUCH OF THIS MONEY INTO A GROWING MILITARY RESEARCH AND DEVELOPMENT PROGRAM. HE ESTIMATED THE SOVIET UNION NOW HAS A RESEARCH EFFORT 40 TO 50 PER CENT LARGER THAN THAT OF THE U.S., COSTING ABOUT \$3 BILLION A YEAR MORE THAN THE U.S. IS SPENDING.

FOSTER TOLD REP. GEORGE H. MAHON, D-TEX., CHAIRMAN OF THE DEFENSE APPROPRIATIONS SUBCOMMITTEE, IT IS IMPOSSIBLE TO TELL AT THIS TIME WHAT THE INCREASED RUSSIAN RESEARCH EFFORT IS DIRECTED TOWARD.

BUT WITHIN TWO OR THREE YEARS, HE SAID, "THIS EXTRA EFFORT ON THEIR PART WILL LEAD ALMOST CERTAINLY TO SOME VERY SERIOUS MILITARY SURPRISES IF THIS ANALYSIS IS CORRECT.

"THERE IS VERY LITTLE WE CAN DO TO PREVENT THOSE SURPRISES. THIS MEANS THAT, WITH A GROWING EFFORT IN THE SOVIET MILITARY AREA, THEY WILL ATTAIN TECHNOLOGICAL SUPERIORITY IN AREA AFTER AREA ON WHICH THEY CHOOSE TO CONCENTRATE. AND IN THE LATTER HALF OF THIS DECADE THEY WILL PROBABLY BE TECHNOLOGICALLY SUPERIOR ACROSS THE BOARD, IN THE SAME SENSE THAT WE ARE TODAY TECHNOLOGICALLY SUPERIOR ACROSS THE BOARD."

8/27--GE905A

what's the date of the testimony?

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NOTE: AP item
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reverse side.

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SOVIET TECHNOLOGY
BY JIM ADAMS

WASHINGTON (AP)—THE PENTAGON RESEARCH CHIEF SAYS A SOVIET PUSH IN MILITARY TECHNOLOGY COULD BRING "VERY SERIOUS MILITARY SURPRISES" IN TWO TO THREE YEARS--AND SUPERIORITY OVER U.S. TECHNOLOGY BY THE END OF THE DECADE.

DR. JOHN S. FOSTER JR., DIRECTOR OF DEFENSE RESEARCH, TOLD CONGRESSMEN JUNE 1 THAT U.S. INTELLIGENCE ANALYSIS OF THE SOVIETS' BUDGET INDICATES THEY ARE NOW SPENDING \$3 BILLION MORE THAN THE UNITED STATES ON MILITARY RESEARCH.

THIS WOULD BE ABOUT 40 PER CENT ABOVE THE PENTAGON'S \$7.8-BILLION RESEARCH AND DEVELOPMENT REQUEST FOR THIS YEAR.

HE SAID U.S. EXPERTS DON'T KNOW WHAT THE SOVIETS ARE DEVELOPING BUT LISTED "SOME INDICATIONS" WHICH WERE CENSORED OUT OF HIS CLOSED-DOOR TESTIMONY RELEASED TODAY BY THE HOUSE DEFENSE APPROPRIATIONS SUBCOMMITTEE.

"THIS EXTRA EFFORT ON THEIR PART WILL LEAD ALMOST CERTAINLY TO SOME VERY SERIOUS MILITARY SURPRISES IF THIS ANALYSIS IS CORRECT," FOSTER TESTIFIED.

WITH \$3 BILLION, HE SAID, THE SOVIETS COULD BE DEVELOPING "A HALF-DOZEN MAJOR WEAPONS SYSTEMS" COMPARABLE TO THE U.S. SAFEGUARD ANTIMISSILE SYSTEM, ADVANCED BOMBER, AND UNDERSEA-LAUNCHED MISSILE SYSTEM.

BUT HE SAID THERE IS NO WAY OF KNOWING WHETHER THE SOVIETS ARE DEVELOPING MAJOR NEW WEAPONS SYSTEMS OR SIMPLY BACKUP AND REDUNDANT SYSTEMS FOR THE WEAPONS THEY ALREADY HAVE.

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WASHINGTON--ADD SOVIET TECHNOLOGY (8)

FOSTER HAS CITED A GROWING U.S.-SOVIET TECHNOLOGY GAP BEFORE. THE FEDERATION OF AMERICAN SCIENTISTS HAS ACCUSED HIM OF "A CLASSICAL PAPERER GAME FEATURING SELECTIVE DISCLOSURE, QUESTIONABLE ASSUMPTIONS, EXAGGERATEDLY PRECISE ESTIMATES, MISLEADING LANGUAGE AND ALARMIST NONSEQUITUR CONCLUSIONS."

ASKED ABOUT THAT CHARGE AT THE HOUSE HEARING, FOSTER DID NOT ANSWER IT DIRECTLY BUT SAID CIVILIAN STUDIES ON DOLLAR-TO-RUBLE CONVERSION FACTORS INDICATE THE PENTAGON'S \$3-BILLION ESTIMATE IS MORE LIKELY TOO LOW THAN TOO HIGH.

HE DID NOT SAY HOW THE PENTAGON GOT THE \$3-BILLION FIGURE BUT SAID IT COULD BE OFF 20 PER CENT AT MOST, FOR A RANGE OF \$2.4 BILLION TO \$3.6 BILLION.

U.S. MILITARY RESEARCH HAS LEVELLED OFF SINCE 1968, FOSTER SAID, WHILE THE INTELLIGENCE ANALYSIS IMAGINES THE TOTAL SOVIET EFFORT HAS NOT ONLY CONTINUED TO INCREASE BUT HAS SHIFTED FROM SPACE TO MILITARY TECHNOLOGY.

"IN THE LATTER HALF OF THIS DECADE THEY WILL PROBABLY BE TECHNOLOGICALLY SUPERIOR ACROSS THE BOARD," FOSTER SAID. "IN THE SAME SENSE THAT WE ARE TODAY TECHNOLOGICALLY SUPERIOR ACROSS THE BOARD."

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